



WEEKLY REPORT

ARIZONA STATE RETIREMENT SYSTEM

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For the week ending Friday, February 7, 2003

Weekly Report is published by the Arizona State Retirement System and provides a summary of legislation that pertains to the ASRS, as well as up-to-date ASRS news. We hope you find it useful. Included is a Quick Reference summary. If there are issues you'd like addressed, please let us know!

***** Please distribute or make available this report to your employees! *****

Recent ASRS News:

Kelly Orrick, Government Relations Assistant with the City of Mesa, will join the ASRS as Government Relations Officer on February 18. Ms. Orrick will be responsible for representing the ASRS and its issues before the Arizona Legislature and will report to Richard Stephenson, Deputy Director for External Affairs. Ms. Orrick had been with the City of Mesa since 2000, first serving in the Police Department. She has also served as Executive Director of the New Mexico Association of Counties and as Assistant Executive Director of the Florida Association of Counties.

The ASRS debut of its new website was Feb. 1. Although information contained on the site is similar to the old site, it has been redesigned for easier navigation. The Weekly Reports are also on the web.

The next ASRS Board meeting is scheduled for Feb. 21, 8:30 a.m., in the ASRS Phoenix office, 3300 N. Central Ave., 10th floor.

New ASRS Legislation

Status as of February 7, 2003

Legislation that would extend the rural health insurance benefit subsidy has been introduced in both the House and Senate. HB 2349 extends the subsidy for two years and carries an unfunded liability of \$37.3 million and would increase the contribution rate for all employers and employees by 0.027% for 18 years; SB 1036 extends the subsidy for one year and carries an unfunded liability of \$18.8 million and would increase the contribution rate for all employers and employees by 0.014% for 18 years. SB 1036 is scheduled for the Senate Finance Committee on Feb. 10; HB 2349 is awaiting a House Health Committee hearing.

SB 1037, which provides that a surviving spouse is eligible to receive a health insurance subsidy if the surviving spouse is receiving a retirement benefit from the ASRS, has been introduced and is scheduled for the Senate Finance Committee on Feb. 10.

Other legislation affecting the ASRS is listed in the attached Quick Reference.

Quick Reference
ASRS Related Retirement Legislation
(For the Period Ending Friday, February 7, 2003)

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
SENATE BILLS			
HB 2023 – ASRS; unpaid contributions by Huppenthal As Passed the House: Provides a member with 90 days to make payments after being notified that the employer has paid all amounts past due. If the member does pay within 90 days, then the member is responsible for accrued interest from that point on. Provides an employer with 90 days to make payments after being notified of the amount due. If the employer does not pay within 90 days, then the employer is responsible for any accrued interest until the amount is paid in full. Requires an employee to provide verification of past employment and qualification for participation in ASRS. States that, beginning June 30, 2004, the employer is only responsible for making payments for any unpaid contributions and interest for service that occurred within 15 years of the date of notification. Allows a member to purchase service that was worked more than the 15-year limit as other public service.	<u>Passed House 56-0-2.</u> Assigned in Senate. Status: <u>Sen. First Read</u> <u>02/05/03.</u>	As Passed the House: None Expected.	As Passed the House: Actuarial letter received stating no cost.
HB 2024 – ASRS; service purchase; calculation by Huppenthal As Passed the House: Contains an emergency clause. Defines “current annual compensation” used in calculating the cost of purchasing service credit as the greater of: <ol style="list-style-type: none"> 1. The sum of the 12 months of compensation prior to the request. 2. The sum of the 36 months of compensation prior to the request, divided by three. 3. If the member has retired from the ASRS, the average monthly compensation used to calculate the member’s last pension, times 12. 4. The annualized compensation of the full pay period prior to the request. 5. The annualized compensation of the partial year prior to the request, if the member has less than 12 months of service. 	<u>Passed House 57-0-1.</u> Assigned in Senate. Status: <u>Sen. First Read</u> <u>02/04/03.</u>	As Passed the House: None Expected.	As Passed the House: Actuarial letter received stating no cost.
HB 2067 – ASRS; technical correction by Huppenthal As Introduced: Makes a technical change to 38-742 “reinstatement.”	Assigned: Hse. RULES. Status: Awaiting Hse. RULES.	As Introduced: None Expected.	As Introduced: None.

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
SENATE BILLS			
HB 2349 – public retirees; rural areas; insurance by Konopnicki, Flake, Wagner, Arzberger, and Brown As Introduced: Extends the rural health insurance subsidy until 2005. Includes counties with a population less than 200,000 in the definition of “nonservice area.”	Assigned: Hse. HEALTH, Hse. GR, Hse. APPROP. Status: Awaiting Hse. HEALTH.	As Introduced: None Expected.	As Introduced: Unfunded liability of \$37.3 million, an increase in the contribution rate for all employers and employees of 0.027% each, which is a combined cost of \$3.7 million more in contributions annually for 18 years.
HB 2398 – ASRS; long-term disability increase by Carruthers, O’Halloran, Gullett As Introduced: Provides an increase to a member’s LTD benefit equal to a benefit increase provided to a retired member of ASRS.	Assigned: Hse. GR, Hse. APPROP. Status: Awaiting Hse. GR.	As Introduced: Requested.	As Introduced: Requested.
HB 2401 – deferred retirement option plan by Wagner, Quelland, Gray and 6 As Introduced: Provides a deferred retirement option plan option to members of the ASRS, PSPRS, and CORP.	Assigned: Not yet assigned.	As Introduced: Requested.	As Introduced: Requested.
HCR 2002 – impeachment; public retirement systems; forfeiture by Huppenthal As Introduced: Constitutional amendment to allow the senate to require an impeached official to forfeit his public retirement benefits from the office for which he was impeached.	Assigned: Hse. GR, Hse. JUD. Status: Awaiting Hse. GR.	As Introduced: None Expected.	As Introduced: None.
SB 1036 – public retiree health insurance subsidy by Arzberger and 23 As Introduced: Extends the rural health insurance subsidy until 2004. Includes counties with a population less than 200,000 in the definition of “nonservice area.”	Assigned: Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN. 02/10/03.</u>	As Introduced: None Expected.	As Introduced: Unfunded liability of \$18.8 million, an increase in the contribution rate for all employers and employees of 0.014% each, which is a combined cost of \$1.9 million more in contributions annually for 18 years.
SB 1037 – ASRS; surviving spouses; health insurance by Arzberger and 17. As Introduced: Provides that a surviving spouse is eligible to receive a health insurance subsidy if the surviving spouse is receiving a retirement benefit from the ASRS.	Assigned: Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN. 02/10/03.</u>	As Introduced: Requested.	As Introduced: Requested. The sponsor’s intent is to amend the bill so that no cost will result.

BILLS	BILL STATUS	ASRS ADMIN. COST	ACTUARIAL COST
SENATE BILLS			
SB 1160 – ASRS; veterans; service credits by Arzberger As Introduced: Requires the ASRS to recalculate the cost of military service purchased by members (active, retired, or deceased) prior to July 20, 1996, and refund any amounts, plus interest. Requires the ASRS to publish a notice of possible refund in 4 quarterly newsletters and 2 annual statements. Appropriates \$50,000 to the ASRS for making the recalculations.	Assigned: Sen. FIN, Sen. APPROP. Status: Awaiting Sen. FIN.	As Introduced: Requested.	As Introduced: Requested.
SB 1221 – ASRS; study committee; health costs by Arzberger, Aguirre, Brotherton As Introduced: Creates a study committee on managing retiree health-care costs.	Assigned: Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN. 02/10/03.</u>	As Introduced: None Expected.	As Introduced: None.
SB 1224 – ASRS; service purchase; calculation by Martin, Reagan As Introduced: Provides a statutory definition of “current annual compensation” for the purpose of purchasing service credit. Similar to HB 2024.	Assigned: Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN. 02/10/03.</u>	As Introduced: None Expected.	As Introduced: None.
SB 1225 – ASRS; investment management; requirement by Martin As Introduced: Requires the ASRS Board member who is a chartered financial analyst to be in good standing as determined by the association for investment management and research.	Assigned: Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN. 02/10/03.</u>	As Introduced: None Expected.	As Introduced: None.
SB 1226 – ASRS; legal counsel by Martin As Introduced: Exempts the ASRS from obtaining legal counsel only from the Attorney General.	Assigned: Sen. JUD, Sen. FIN. Status: <u>Scheduled</u> <u>Sen. FIN 02/10/03.</u>	As Introduced: None Expected.	As Introduced: None.

LEGEND

AMEND C&P	Constitutional and Proper as Amended by the House	GR	Government and Retirement Committee
APPROP	Rules Committee	Hse.	House of Representatives
ASRS	Appropriations Committee	IRS	Internal Revenue Service
C&P	Arizona State Retirement System	LTD	Long Term Disability
CORP	Constitutional and Proper	PFC	Proper for Consideration
COW	Corrections Officer Retirement Plan	PFCA	Proper for Consideration as Amended by the Senate Rules Committee
DP	Committee of the Whole	PSPRS	Public Safety Personnel Retirement System
DPA	Do Pass	S/E	Strike Everything Amendment
EORP	Do Pass as Amended	Sen.	Senate
FIN	Elected Officials' Retirement Plan		
	Finance Committee (Senate)		

**The weekly legislative report is available on-line at the ASRS Web site:
www.asrs.state.az.us**

The ASRS External Affairs Division and the Legislative Board Committee meet during the legislative session. The meetings take place in the 14th floor conference room of the ASRS office at 3300 N. Central Ave., Phoenix, and are open to the public. The purpose of these meetings is to review legislative activity on retirement bills from the previous week, and to review the scheduled bill activity in committees and on the floor for the upcoming week. Committee members ask technical and background questions, and review the latest information gathered from the Capitol and retirement groups from around the state. Meetings are teleconferenced to the ASRS Tucson office at 7660 E. Broadway Blvd., Tucson. Meeting agendas and minutes will be posted on the ASRS website.